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FISCAL IMPACT STATEMENT

LS 7255

BILL NUMBER: HB 1262

NOTE PREPARED: Jan 25, 2005

BILL AMENDED: Jan 19, 2005

SUBJECT: Bankruptcy and Exemption Amounts.

FIRST AUTHOR: Rep. Kuzman

BILL STATUS: As Passed House

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions:

(A) The bill increases exemption amounts for property subject to attachment or execution under a bankruptcy proceeding or based on a judgment against the property owner.

(B) The bill requires the Department of Financial Institutions to adjust exemption amounts every six years beginning in 2010.

(C) The bill repeals obsolete provisions.

(D) The bill adds interest a debtor has in a qualified tuition program and interest a debtor has in an education savings account to the property that is exempt from a bankruptcy proceeding. (The introduced version of this bill was prepared by the Commission On Courts.)

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* (B) The Department of Financial Institutions would be required to adopt rules for the establishment of the amount for exemptions as described in the bill, which would have to take effect not earlier than January 1, 2010, and not later than March 1, 2010. The Department would be charged to adopt rules to adjust the exemption amounts every six years. The Department would determine the amount of each exemption based on changes in the Consumer Price Index for All Urban Consumers published by the United States Department of Labor. Assuming current funding levels remain constant, the

Department's resources should be sufficient to implement the rules and perform the calculation of exemptions as specified in the bill.

Background: The Department of Financial Institutions was appropriated \$6.56 M in dedicated funds for FY 2005. The Department's Board of Members met eight times in 2003. As of September 2004, the Department employed 72 full-time and 6 intermittent personnel.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources: *State of Indiana HRM Detail Staffing Report, September, 2004*; State Budget Agency: *FY2004 General and Rainy Day Fund Summaries*; State of Indiana: *List of Appropriations July 1, 2003, to June 30, 2005*.

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